



April 18, 2005

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

via electronic filing

Re: American Cable Association Petition for Rulemaking, RM-11203

Dear Ms. Dortch:

On behalf of Galaxy Cablevision, I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. I operate an independent cable company that serves customers in smaller, rural areas, and I can verify that the petition accurately describes the upcoming retransmission consent crisis. Broadcasters, including those in my markets, have made it clear that they will force us to charge an additional \$5 to \$6 per subscriber per month for basic cable, to cover new demands of cash for carriage. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumers served by my company and will help keep down the costs of basic cable.

Provided below is some information about my company and why we think the Commission needs to grant ACA's petition.

Company background

Galaxy Cablevision has been in business for over 25 years. We operate one hundred and seventy-nine headends serving 55,000 customers across 13 states. All of our communities are very small and located in rural America. Our average number of customers per cable system is approximately 300.

We have invested in upgrading many of our systems, have launched digital cable, and began offering broadband a couple of years ago and are currently offering it in 19 of our systems. DBS competition has been a strong competitor in our markets, taking subscribers and making it difficult to increase rates. At the same time, programming costs have increased far

ahead of inflation. I estimate that programming costs have increased by more than 8-10% per year for the last five years.

The broadcasters' demands for several more dollars per month presents a major problem. For example, broadcasters have already noted that they will require cash for carriage in the next round, or demand carriage of other broadcasting or satellite delivered channels. We have seen correspondence from the Sinclair group sent to cable customers that this fee could reach \$.50. In addition, we have a Missouri broadcaster requesting 3 other stations including a 24-hour weather channel. Our margins are already stretched thin; we have no choice but to pass this cost onto our customers. Basically, this will in turn force many of our customers to switch to satellite instead of paying for more increases in cost. Our business is steadily shrinking and these types of demands are forcing cable companies to shut down which takes choice away from the consumers.

Why we support ACA's Petition

Basically, all that ACA asks for is a right for us to shop and only when a broadcaster demands a price for retransmission consent. In my markets, I know this will work to lower the cost of retransmission consent for my customers.

First, I know that I could obtain network programming at a lower cost from other broadcasters. I can do this by receiving signals from neighboring markets.

Second, if the broadcasters in my market know alternatives exist, I am confident I will be able to negotiate a lower price. That works in every type of transaction, and it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters demand a "price" for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion next year. If each broadcaster requested \$.20 (which may be on the low side) for carriage, the broadcasters' demands will cost my company and our subscribers at least \$528,000 per year.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent "pricing." This will help to keep our costs down and will benefit our consumers.

Our concern for localism

As a final point, I want the Commission to know that we support local broadcasting and prefer to carry our local broadcasters. We currently provide 16,896 hours of local programming across our cable systems per day. We understand the importance of local programming, but we also understand how much our customers are willing to pay for it. The problem is the higher prices being demanded by more and more owners of these stations. Most often the owners are based in corporate headquarters hundreds or thousands of miles away. Frankly, they don't care about localism. They just want our customers' money.

We fully support a fair exchange of value for carriage of local signals. But when broadcasters demand a "price," we need the ability to "shop" to get a "price" that fairly reflects the value of the signal. Please act on ACA's Petition as soon as you can.

Sincerely,

_____/s/_____
Larry Eby
Vice President of Operations